

May 15, 1975

consideration for an individual income tax and I have already voted for the corporate income tax but I will not raise the sales tax knowingly.

PRESIDENT: Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I want to remind this body, and I have not talked to the Governor about this particular thing, but the bill that he sent to me to introduce did not include the Lewis amendment and I fully realize that when a bill hits this floor, it does not necessarily mean it has to go across unmolested. That is the prerogative of this body as they see fit. When I entered this body, and before I entered this body as a member, I believed that the tax structure that we had in Nebraska was a sound one, one that worked and one that was reasonably well accepted by the people of the state of Nebraska. I have continued that belief and I still do. I think that it is one that we can well be proud of and I am real reluctant to tamper too much with it now. To Senator Lewis, I want to say that I voted for his amendment the other day and I did it on the basis that I felt that we might be triggering a sales tax if we did not accept it and we could very well have done that. I have placed on your desk this afternoon a sheet that explains, I think, as plain as can be explained what the effect of 123, as it has now been passed, does, its association with the 2 1/2% sales tax and the varying percentages of individual income tax. The bill, as it is now written, calls for 13% and we have been told that a 13% individual tax tied to the corporation tax could very well trigger an increase in sales and this could very well be true. I am not denying that but I call to your attention this sheet, and in the first column, and there is some consideration and we had a motion with an amendment the other day, to adopt a 12% as opposed to the 13%, and if you will look at this sheet, we might very well go down to the end of this calendar year without creating any serious problems with our cash flow, and I remind you this is a cash flow sheet. You will note, also, that in January we do get into the minus figure, and in February and in March, it increases. We are aware that the Board of Equalization does meet in November and that it is within their capabilities to change the rates as they see fit and as the information is presented to them at that time. With the facilities that we have now and with legislation we have now passed in this body, that information extremely current to their meeting in November will be relatively accurate and available to them and I think at that time the decision can be made of whether we need to go further with the increase in our tax structure. I am fully aware that there are minus signs in January, February and March. I do call this to your attention on the floor but there are ways with the cash flow that can be used with transfer of funds that might well be worked out and I hope that you would take this into consideration when you make your decision of what you are going to do. I remind you once more that according to the figures and the presentation that we have on our desks that we could very well not increase the sales tax this year...this calendar year, at least, and use 123 as it has now gone across. I am opposed to the amendment now. I believe that it is really contrary to what I believe to be sound and I am going to vote to delete it from 589. Thank you.